

~~CONFIDENTIAL~~

3001

Current Support Brief

SOVIET SALES OF CHROMITE TO THE FREE WORLD
CONTINUE TO INCREASE

CIA HISTORICAL REVIEW PROGRAM
RELEASE AS SANITIZED



CIA/RR CB

17 June 1963

CENTRAL INTELLIGENCE AGENCY

Office of Research and Reports

~~CONFIDENTIAL~~

GROUP 1
Excluded from automatic
downgrading and
declassification

WARNING

This material contains information affecting the National Defense of the United States within the meaning of the espionage laws, Title 18, USC, Secs. 793 and 794, the transmission or revelation of which in any manner to an unauthorized person is prohibited by law.

~~C-O-N-F-I-D-E-N-T-I-A-L~~

SOVIET SALES OF CHROMITE TO THE FREE WORLD
CONTINUE TO INCREASE

The USSR, the world's leading producer of chromite, is becoming an increasingly important source of supply for consumers of this industrial raw material in the Free World. From an average of 146,000 metric tons (mt) a year in 1955-58, Soviet sales of chrome ore in Free World markets climbed to more than 300,000 mt per year in 1961-62 and may increase further in 1963-65 in view of quantities specified in known trade agreements and purchase contracts covering this period. The Soviet chromite being sold to the Free World is metallurgical-grade ore that is used in producing ferrochrome alloys or chromium metal. Other grades of chrome ores are used as raw materials in refractories and in chemical industries. The growing volume of Soviet exports to the Free World, and particularly a recent sale of 300,000 mt to a US importer for delivery in 1963-65, have caused considerable concern in Turkey and Rhodesia, both important producers of metallurgical-grade ores.

1. Supply Position

The USSR has been the world's largest producer of chromite continuously since 1958, having previously held this position in some years immediately after World War II. Soviet production, which averaged about 850,000 mt a year during 1955-58, rose to 1.5 million mt in 1962. Output increased from approximately 20 percent of world production in 1955-58 to 29 percent in 1960-61, as can be derived from data in Table 1. Production of metallurgical-grade ore in 1962 is estimated at 1 million mt and, if the Seven Year Plan is fulfilled, could increase to 1.4 million mt in 1965.

An increasing proportion of Soviet production is being exported. From an average of about 215,000 mt a year in 1955-58, total exports have increased to more than 400,000 mt, or from about 25 percent of production to more than 30 percent. Soviet exports of chromite are shown in Table 2.

~~C-O-N-F-I-D-E-N-T-I-A-L~~

~~C-O-N-F-I-D-E-N-T-I-A-L~~

The USSR is the principal supplier of metallurgical-grade chromite for the other countries of the Sino-Soviet Bloc. Albania, the only other important producer of chromite in the Bloc, exports significant quantities to these countries, but Albanian ores are of poorer quality, containing an average of only 45 percent chromic oxide, and are less suitable for metallurgical use. Soviet shipments to the Bloc followed a general upward trend during 1955-60 but declined abruptly in 1961, when there were no deliveries to China. Exports to China in 1960 had amounted to 41,000 mt. Apparently, Communist China has turned to Albania for its supplies, imports from that country having increased from about 15,000 mt in 1960 to an estimated total of 40,000 mt in 1961.

2. Exports to the Free World

Soviet exports of chromite to countries of the Free World have increased by 141 percent since 1958 and in 1961 represented 70 percent of total exports. Exports to the Free World also have increased from 4 to 5 percent of production in the Free World in 1955-58 to more than 10 percent in 1961. Inasmuch as the chromite exported by the USSR is primarily of metallurgical grade, the quantities shipped to Free World markets would represent substantially larger percentages of Free World production of ores of this grade.

Although Soviet ore has been purchased intermittently by consumers elsewhere in the Free World, the largest markets have been West Germany, Sweden, France, and Japan, as shown in Table 3. Of the aggregate imports of all grades of chromite by West Germany, France, and Sweden, the quantities imported from the USSR rose from about 20 percent in 1959 to 27 to 29 percent in 1960-61. Japanese imports of Soviet ore, which represented 5 percent of total imports in 1959, increased to 20 percent in 1960-61. In each case the Soviet share of total imports of metallurgical-grade chrome ore by these countries generally would have been significantly higher. Present trade agreements indicate that shipments to these countries will remain at a high level during 1962-65. The USSR also has trade agreements with Austria, Italy, and Norway, which in each case provide for exports exceeding the amounts shipped to these countries in recent years. Under these agreements, covering the period 1962-65, Austria is to receive 20,000 mt per year, Italy 30,000 mt, and Norway 10,000 mt.

- 2 -

~~C-O-N-F-I-D-E-N-T-I-A-L~~

~~C-O-N-F-I-D-E-N-T-I-A-L~~

The latest known contract for the sale of Soviet chromite in the Free World, and one involving the largest tonnage sold by the USSR in recent years, was concluded with a US importer early in 1963 and reportedly provides for the delivery of about 300,000 mt of metallurgical-grade ore during 1963-65. 1/ This contract anticipates the largest shipments since 1947-48, when Soviet exports to the US averaged about 270,000 mt a year -- an amount equal to nearly 50 percent of total US imports of metallurgical-grade ore in those years. 2/ Actual shipments in 1963-65 probably will exceed 300,000 mt inasmuch as amounts remain to be delivered during 1963 on contracts concluded in 1962. In the fourth quarter of 1962, contracts reportedly were signed for the delivery during 1962-63 of about 80,000 mt. 3/ Actual US imports of Soviet ore in 1962 amounted to about 29,000 mt, of which more than 22,000 mt were received in the last quarter of the year. If it is assumed that shipments on the new contract are spaced evenly during 1963-65, US receipts in 1963 could approximate 150,000 mt, or the equivalent of nearly 25 percent of annual consumption of chromite by the US metallurgical industry in 1960-62.

3. Pricing of Soviet Ores

According to the limited information available, the ores being offered for export to countries of the Free World are priced attractively, particularly in view of their high quality. Soviet ore received in the US in 1962 contained 56 percent chromic oxide with a chrome to iron ratio of 3.6 to 1 and reportedly was sold in the US market for about \$34 per mt. In comparison, delivered prices of \$36 to \$38 per mt have been quoted in trade journals for Turkish and Rhodesian lump ores of a standard grade of 48 percent chromic oxide with a chrome to iron ratio of 3 to 1. Quoted prices for these ores, however, may not accurately reflect actual prices charged to consumers. The USSR also has offered high-grade fines in the US market at a delivered price of \$15.50 per mt, which also is below published prices for comparable ores. These fines, used in combination with lump ores in production of ferrochrome, are said to be limited somewhat for use in making low-carbon ferrochrome because of a high phosphorous content. At the low sales price, however, they represent an attractive alternative to Rhodesian metallurgical fines, which for some time have been quoted at \$27 to \$28 per mt.

~~C-O-N-F-I-D-E-N-T-I-A-L~~

~~CONFIDENTIAL~~

Table 1
Estimated World Production of Chromite
1955-62

Year	Thousand Metric Tons				
	Total World	Free World	Bloc		
			Total <u>a/</u>	USSR	Albania
1955	3,725	2,820	905	783	122
1956	4,203	3,270	933	800	133
1957	4,745	3,707	1,038	870	168
1958	4,002	2,851	1,151	950	201
1959	4,239	2,851	1,388	1,140	248
1960	4,910	3,271	1,639	1,350	289
1961	4,651	3,003	1,648	1,415	233
1962	N.A.	N.A.	1,788	1,525	263

a. The total does not include small quantities of chromite believed to be produced in Bulgaria, Rumania, and North Vietnam.

Table 2
Soviet Exports of Chromite
1955-62

Year	Thousand Metric Tons		
	Total	Free World	Bloc
1955	158 <u>a/</u>	131	21
1956	219	177	42
1957	259	149	110
1958	215	127	88
1959	272	174	98
1960	427 <u>a/</u>	268	157
1961	438 <u>a/</u>	306	124
1962	N.A.	N.A.	N.A.

a. Totals reported by the USSR include shipments for which countries of destination are not shown.

~~CONFIDENTIAL~~

Table 3

Soviet Exports of Chromite, by Recipient Country a/
1955-65

	Thousand Metric Tons							
	Average 1955-58	1959	1960	1961	1962	1963	1964	1965
Total exports	<u>213</u>	<u>272</u>	<u>427 b/</u>	<u>438 b/</u>	N.A.	N.A.	N.A.	N.A.
Total Free World	<u>146</u>	<u>174</u>	<u>268</u>	<u>306</u>	N.A.	N.A.	N.A.	N.A.
France	35	22	48	55	45	60	60	60
Japan	11	23	61	65	75	75	75	85
Sweden	41	35	58	56	60	60	60	N.A.
West Germany	10	66	77	84	39 c/	80	N.A.	N.A.
US	18	16	0	32	29 d/	150 e/	100 e/	100 e/
Other	31	12	24	14	60	60	60	50
Total Bloc	<u>66</u>	<u>98</u>	<u>157</u>	<u>124</u>	N.A.	N.A.	N.A.	N.A.
Communist China	13	33	41	0	N.A.	N.A.	N.A.	N.A.
Czechoslovakia	14	27	53	48	30	30	30	30
East Germany	12	10	9	12	N.A.	N.A.	N.A.	N.A.
Poland	27	28	54	64	43	40	45	50

a. Data covering 1955-61 are as reported in the Soviet foreign trade handbook. Data for 1962-65, except as otherwise indicated, represent tonnages specified in trade agreements or, in the case of the US in 1963-65, purchase contracts.

b. Totals reported by the USSR include shipments for which countries of destination are not shown.

c. 4/ Reported by the US Bureau of Mines.

e. Data indicate a purchase contract for 300,000 metric tons covering 1963-65 and include in 1963 50,000 metric tons remaining on a contract concluded in 1962.

~~C-O-N-F-I-D-E-N-T-I-A-L~~

Sources:

1. Mining Journal, 1 Mar 63, p. 209. U.
2. American Metal Market, 20 Feb 63, p. 1-2. U.
3. US Bureau of Mines. Minerals Yearbook, 1948, p. 250. U.
4. Mining Journal, 1 Mar 63, p. 209. U.

~~C-O-N-F-I-D-E-N-T-I-A-L~~

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~